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This Week in Canadian Agriculture, Issue 23 2004

Approved by:

Hugh J. Maginnis
U.S. Embassy

Prepared by:

Christina Patterson

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Includes PSD Changes: No
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This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

Canadian Farm Groups Call for Leadership at the World Trade Organization (WTO) Talks: In a recent release, the Ontario Soybean Growers (OSG) and the Grain Growers of Canada (GGC) have called on the Canadian government to take some leadership at the WTO negotiations. In light of the recent announcements by the European Union and the United States, both of whom are willing to make concessions at the talks in order to help them progress, the OSG and GGC feel that Canada needs to make some concessions of its own. Both farm groups feel it is imperative that a new deal is struck at the WTO, which would provide Canadian farmers with the level playing field required to compete in the international market place. Under current trade rules, Canadian products can't get into many countries because of high tariffs and many non-tariff trade barriers. Export subsidies cost Canadian grain and oilseed farmers roughly \$400 million in lost income every year and the foreign subsidies programs in the U.S. and EU cost Canadian farmers \$1.3 billion in lost income annually. The OSG and GGC want Canada to play a prominent role in the development of a possible framework agreement for the end of July deadline.

Canadian Dairy Commission Ponders Price Increase of Industrial Milk: According to the Dairy Farmers of Ontario's July 2004 issue of the *Milk Producer*, the Canadian Dairy Commission (CDC) has recently met with industry stakeholders, including the Dairy Farmers of Canada (DFC), to consider a possible price increase of industrial milk by September 1, 2004 at the earliest. The call for the increase in price came as a result of the ongoing BSE crisis. Based on data from Ontario and Quebec, the DFC has determined that the plunge in the cull cow prices has raised the 2003 production costs \$1.50 per hectoliter, which is the increased cost of herd replacements net of cull cow sales. Since the discovery of BSE last May, at least three of the provincial milk producer associations have gone to the provincial milk boards requesting an increase in the price of fluid milk.

Canadian Wheat Board Courting Chinese Wheat Buyers: According to export sources, the Canadian Wheat Board (CWB) is aggressively pursuing wheat sales to China. In the last ten years, wheat imports into China have dropped, but with a continually growing population, increasing domestic consumption of wheat, decreasing wheat-growing areas and decreasing stocks, the need for wheat imports will most likely increase. In its latest forecast, the CWB predicted that China will import 3.7 million tonnes and five million tonnes of wheat in 2006-07 and 2011-12 respectively. In previous years Canada has achieved up to and over 50% of China's wheat market share. The CWB is hoping to capitalize on that and cultivate China as a regular customer of its wheat.

Canadian Offshore Beef Imports Down: The Canadian Cattlemen's Association is reporting that imports of offshore beef into Canada have decreased 65% since the same time frame last year. From January 1 to June 12, there were 27,205 tonnes of offshore beef imported compared to 76,823 tonnes during the same period last year. The main suppliers of offshore beef to Canada are Australia and New Zealand. In 2003, Uruguay also became a supplier of beef to Canada. The issuing of supplemental permits, which allow beef to be imported into Canada above the tariff rate quota without being subject to the above quota tariff, stopped in July of 2003 and have yet to be restarted. Australia, New Zealand and Uruguay are the three countries from which beef can come into Canada through the supplemental permit system, which is one of the reasons for the decline in their imports. Imports from the United States have also decreased 92%, from 42,826 tonnes to 3,485 tonnes. The decrease is attributed to a combination of strong Canadian demand for Canadian beef together with lower prices, making Canadian beef more competitive with imported beef. Canada is required through WTO obligations to import 76,409 tonnes of offshore beef tariff-free each year.

Manitoba BSE Surveillance Reaches Target: The provincial department of Agriculture is reporting that it is the first jurisdiction in North America to reach and surpass its BSE surveillance target for

2004. The province has tested 913 cattle samples for BSE and all have tested negative. As part of the recommendations of the international panel that reviewed the BSE case in Canada, one recommendation was that Canada needed to significantly increase their BSE surveillance on the "Four D" target cattle population (dead, dying, downer and diseased). In following the panel's recommendation, the Canadian government increased Canada's surveillance target for 2004 to 8,000 samples and will further increase the testing to 30,000 samples in 2005. Manitoba's target in 2004 was 889. This will increase to 3,336 samples in 2005. "Increased surveillance is an important part of showing the international community that our food supply is safe and that we are committed to keeping it that way," stated Manitoba Agriculture, Food and Rural Initiatives Minister Rosann Wowchuk.

Who Will Be The Next Minister of Agriculture and Agri-Food? : As Prime Minister Paul Martin sat down with former members of his cabinet earlier this week, including defeated Minister of Agriculture and Agri-Food Bob Speller, rumors are flying around Ottawa about who will succeed Mr. Speller. Ontario farm groups are urging the Prime Minister to name Huron Bruce MP Paul Steckle as the new Agriculture Minister. Mr. Steckle has been an MP since 1993 and has been a regular member of the Standing Committee on Agriculture and Agri-Food. Mr. Steckle was also the Chair of the Agriculture Committee during the last two sittings of Parliament. Another rumored candidate is PEI MP Wayne Easter, former solicitor-general and president of the National Farmers Union (12 years). Mr. Easter is well versed in the issues facing agriculture and has been a member of the Agriculture Committee. Mr. Martin is speculated to announce his new cabinet on July 19th.

Cool Temperatures Continue to Plague Manitoba: The provincial department of Agriculture reports as of July 5, the cool temperatures continue to hamper crop development. In combination with the cool temperatures, all regions received varying amounts of rain. The unseasonable temperature and above average rainfall has left the crops in varying stages of development. In the **Southwest** region some of the early seeded oilseed crops are starting to bolt and flower, while early seeded cereals are entering the flag leaf stage. The earliest-seeded crops are showing the effects of stress from the cool weather and moisture. Yields are not expected to be much more than average. In the **Northwest** region, winter wheat is heading out, early seeded cereals are in the flag leaf stage, and early seeded canola is short and starting to bolt prematurely. In the **Central** region, spring cereals are in good condition, with stages ranging from tillering to early heading. Early seeded canola continues to appear stressed, but later seeded canola appears to be doing much better. Soybeans, corn and field beans are continuing to develop slowly. Nitrogen deficiency is suspected of causing the yellowing of many crops. In the **Eastern** region, crop staging is widely varied. Winter wheat is in the heading stage and has the potential to yield very well. Cereals seeded before the May 11 snowfall are entering the flag leaf stage, while those seeded just before June 20 are in the 3 leaf stage. The corn crop is only half as tall as it should be. In the **Interlake** region many fields in the flag leaf stage are showing symptoms of leaf disease.

Saskatchewan Crop Update: Rainfall helped improved declining moisture condition and warm weather helped improve development and crop conditions. About 73% of fall cereal crops are reported to be in good to excellent condition, with more than half still behind normal development. Roughly 82% of the spring cereal crops are in good to excellent condition, but over 80% are still behind normal development. Flax and canola crops are 69 and 65 percent in good to excellent conditions but 84% are behind normal development. Grasshoppers and flea beetles were the main source of damage to crops. Damage from early frosts has become evident in some areas.

Ontario Corn and Cereals Update: Corn growth overall remains delayed, but the burst of heat should help in a rapid change in the crop. Early planted corn is on track for normal development, but later planted corn is at least one to two weeks behind where growers expected it to be. A majority of the winter wheat crop is in the head-filling stage, but uneven maturity is common in many fields. Leaf rust and glume blotch are beginning to show up in some fields, while the fusarium infection that is significant in winter wheat in the Essex region is now showing up in the Niagara and Haldimand area. The spring cereals are in various stages of development. Disease is relatively low.

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